

Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:CORP:04

PLR-127568-08

Date:

September 09, 2008

Legend

Parent =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

LLC 1 =

LLC 2 =

LLC 3 =

LLC 4 =

Business A =

a =

Year 1 =

Date A =

Date B =

Date C =

Date D =

Date E =

State X =

Dear :

This letter responds to your letter dated June 17, 2008, requesting rulings regarding certain Federal income tax consequences of the Proposed Transactions (defined below). The information submitted in that letter is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

Summary of Facts

Parent is the common parent of an affiliated group whose includible corporations join in filing a consolidated Federal income tax return (the "Parent Group"). Parent's outstanding stock is publicly traded and widely held. Parent is engaged, through its subsidiaries, in Business A.

Completed Transactions

In Year 1, Parent acquired the stock of Sub 1. Sub 1 owned all of the outstanding stock of Sub 2, which owned all of the outstanding stock of Sub 3. On Date A, Sub 1, Sub 2, and Sub 3 became members of the Parent Group.

From Date A through Date E, the following transactions occurred, involving the distribution, contribution, and liquidation of member stock (the "Completed Transactions"). On Date A, Sub 2 distributed the stock of Sub 3 to Sub 1 (the "Distribution 1"). Sub 2 recognized gain on the distribution of the Sub 3 stock under § 311(b) of the Internal Revenue Code, and such gain was deferred under § 1.1502-13 of the Income Tax Regulations (the "Deferred Gain"). Immediately following Distribution 1, on Date A, Sub 1 distributed the stock of Sub 3 to Parent (the "Distribution 2"). Sub 1 did not recognize any gain under § 311(b).

Prior to Date A, Parent owned all of the outstanding stock of Sub 4. Immediately following Distribution 2, Parent contributed the stock of Sub 1 to Sub 4 in a tax-free § 351 exchange.

Prior to Date B, Parent owned all of the outstanding stock of Sub 5. On Date B, Parent contributed the stock of Sub 3 to Sub 5 in a tax-free § 351 exchange.

On Date C, Sub 5 changed its name to Sub 6.

On Date D, Sub 4 distributed to Parent all of its assets, and Parent assumed all of Sub 4's liabilities in a complete liquidation under § 332 (the "Sub 4 Liquidation").

On Date E, Sub 6 converted under State X law into LLC 1, an entity disregarded as separate from its owner for Federal income tax purposes under § 301.7701-3 of the Procedure and Administrative Regulations (a "Disregarded Entity") (the "Sub 6 Conversion"). The Sub 6 Conversion will qualify as a complete liquidation under § 332 of Sub 6 into Parent.

Proposed Transactions

For what have been represented as valid business purposes, the following series of related transactions has been proposed (collectively, the "Proposed Transactions"):

- (i) Sub 2 will convert under applicable state law into LLC 2 (the "Sub 2 Conversion"), which will be a Disregarded Entity.

- (ii) Immediately following the Sub 2 Conversion, Sub 1 will convert under applicable state law into LLC 3 (the "Sub 1 Conversion"). LLC 3 will be a disregarded entity.
- (iii) At least a days after the Sub 2 Conversion and the Sub 1 Conversion, Sub 3 will convert under applicable state law into LLC 4 (the "Sub 3 Conversion"). LLC 4 will be a disregarded entity.

Representations

The following representations have been made regarding the Proposed Transactions:

- (a) Parent will remain the common parent of the current Parent Group until after the date on which the Proposed Transactions are completed.
- (b) Each share of the stock of each member which reflects intercompany gain from any of the Completed Transactions has been held by members of the Parent Group continuously since such gain arose and will be held by members of the Parent Group continuously until the completion of the Proposed Transactions.
- (c) The contribution of Sub 1 stock by Parent to Sub 4 will qualify as a tax-free exchange within the meaning of § 351.
- (d) The contribution of Sub 3 stock by Parent to Sub 5 will qualify as a tax-free exchange within the meaning of § 351.
- (e) The Sub 4 Liquidation will qualify as a complete liquidation of Sub 4 into Parent within the meaning of § 332.
- (f) The Sub 6 Conversion will qualify as a complete liquidation of Sub 6 into Parent within the meaning of § 332.
- (g) The Sub 2 Conversion will qualify as a complete liquidation of Sub 2 into Sub 1 within the meaning of § 332.
- (h) The Sub 1 Conversion will qualify as a complete liquidation of Sub 1 into Parent within the meaning of § 332.
- (i) The Sub 3 Conversion will qualify as a complete liquidation of Sub 3 into Parent within the meaning of § 332.

(j) The effects of the Completed and Proposed Transactions have not been taken into account by any member of the Parent Group in any taxable or nontaxable transaction other than as described herein.

(k) Immediately before the Deferred Gain is taken into account pursuant to the Proposed Transactions, Parent will be treated for Federal income tax purposes as the owner of the Sub 3 stock.

(l) As a result of the Sub 3 Conversion, Parent's basis in the Sub 3 stock that reflects the Deferred Gain that is taken into account will be eliminated without the recognition of gain or loss (and such eliminated basis will not be reflected in the basis of any successor asset).

(m) The Parent Group has not and will not derive any Federal income tax benefit (within the meaning of § 1.1502-13T(c)(6)(ii)(C)) from the Completed Transactions that gave rise to intercompany gain or the redetermination of intercompany gain (including any adjustment to basis in member stock under § 1.1502-32).

(n) The effects of the Completed Transactions have not previously been reflected, directly or indirectly, on the Parent Group's consolidated return.

(o) On its consolidated Federal income tax return that included July 12, 1995, Parent made an election for the Parent Group under § 1.1502-13(l)(3), which applies § 1.1502-13 (effective for taxable years beginning on or after July 12, 1995) to stock elimination transactions to which prior law would otherwise apply.

Rulings

Based solely on the information submitted and the representations set forth above, we rule as follows:

Parent (as a successor to Sub 2 and to Sub 1 under § 1.1502-13(j)(2)(i)) will take into account the Deferred Gain on the Sub 3 Conversion (§ 1.1502-13(c)(2)(ii)), and such Deferred Gain will be determined to be excluded from gross income under § 1.1502-13T(c)(6)(ii)(C).

Caveats

We express no opinion about the tax treatment of the Proposed Transactions under other provisions of the Code and regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed Transactions that are not specifically covered by the above ruling. In particular, we express no

opinion regarding whether any of the Conversions or Liquidations satisfies the requirements of § 332, or whether any contribution satisfies the requirements of § 351.

Procedural Statements

This ruling letter is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Internal Revenue Code provides that it may not be used or cited as precedent.

A copy of this ruling letter should be attached to the Federal income tax return of each taxpayer involved for the taxable year in which the transactions covered by this ruling letter are completed. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the ruling letter.

Under the power of attorney on file in this office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

Marie C. Milnes-Vasquez
Acting Chief, Branch 4
Office of Associate Chief Counsel
(Corporate)